**COALITION OF
HIGH GROWTH
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July 2, 2019

TO: Working Group on Proffers and Impact Fees in Residential Development of the Virginia Housing Commission

FROM: John McGlennon, Chair, Coalition of High Growth Communities (CHGC)

Subject: CHGC Principles to Guide Consideration of Impact Fees and Cash Proffers

The Coalition of High Growth Communities is not prepared at this time to endorse specific proposals for legislation in the 2020 General Assembly session further amending or replacing the cash proffer system for residential development. Having just begun to operate under the terms of the 2019 revision to proffer law, we hope to gain some understanding of the impact that this legislation will have on local applications for rezonings. We intend to carefully monitor this situation in the coming months, to see for instance whether applicants are opting to be considered under the pre-2016 conditions in new applications, and whether current applications are amended to take advantage of the opt-out.

However, we have developed a set of principles that we believe should be addressed as part of any further action:

1. Localities across the Commonwealth, regardless of growth rate, face critical needs in infrastructure, especially in the area of public school construction and renovation. The Commonwealth should undertake a plan to provide school construction funding and/or provide localities with additional revenue sources to pay for such facility needs.

2. A one-size-fits-all approach for calculating impacts of development will not work in the Commonwealth. Localities need flexibility to address critical infrastructure needs that result from growth, which varies across the Commonwealth.

3. Consideration of impact fees for residential development must include retaining (non cash) proffer authority for localities to address development impacts other than those of capital construction.

4. High growth localities vary widely in their policies and practices on residential development, and the trade-offs between cash proffers and impact fees would affect localities in significantly different ways; therefore it is important that localities retain the option to adopt cash proffers and impact fees, with each being applicable to different scenarios (e.g. rezonings v. by-right); In other words, localities should not be stripped of cash proffer authority in exchange for impact fee authority.

5. Ameliorating the cost of capital expenses required by residential growth should be done in an equitable way, with both by-right and rezoned properties bearing a fair share of the cost driven by new construction of homes.

6. Legislation allowing for impact fees could include a method or framework for how localities must calculate fees that accurately reflect the true impact of development in each locality. However, legislation should not impose aribritrary impact fee schedules or statutory caps.